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MEMORANDUM RECEIVED

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AZ CORP COMMISSION
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THRU: Wilfred Shand, Jr. *WJS*
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Arizona Corporation Commission
DOCKETED

JUN 28 2005

DATE: June 28, 2005

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| DOCKETED BY | <i>KW</i> |
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RE: IN THE MATTER OF THE APPLICATION OF TSI TELECOMMUNICATION
NETWORK SERVICES, INC. FOR A CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE RESOLD LOCAL EXCHANGE
TELECOMMUNICATIONS SERVICES IN THE STATE OF ARIZONA
(DOCKET NO. T-04202A-03-0612)

On December 18, 2003, in Decision No. 66638, the Commission granted TSI Telecommunication Network Services, Inc. ("TSI") a certificate of convenience and necessity ("CC&N") to provide resold local exchange telecommunications services in the State of Arizona, subject to certain conditions.

Specifically, TSI was ordered to procure a performance bond in the amount of \$25,000. TSI was ordered to docket proof of the performance bond within 365 days of the effective date of the Commission's Decision dated December 18, 2003 or 30 days prior to the provision of service, whichever came first.

On May 12, 2004, TSI filed a Notice of Corporate Name Change which stated that TSI was undergoing a name change to Syniverse Networks, Inc ("Syniverse"). In conjunction with the proposed name change, TSI filed an amended tariff reflecting the name change. The Commission's Compliance Section has indicated that as of this date, neither TSI nor Syniverse have docketed proof of the ordered performance bond.

On May 10, 2005, Syniverse filed a request to waive the performance bond requirement set forth in Decision No. 66638. This request is based on the fact that Syniverse is a reseller of private line services which customers enter into on an individual case basis ("ICB").

On May 25, 2005, The Commission's Hearing Division issued a Procedural Order which ordered Staff to file a Staff Report detailing its recommendation with regard to Syniverse's May 10, 2005 filing on or before June 28, 2005.

Private line service is a direct circuit or channel specifically dedicated to the use of an end user organization for the purpose of directly connecting two or more sites in a multisite enterprise. Private line service provides a means by which customers may transmit and receive messages and data among various customer locations over facilities operated and provided by the Applicant. The Applicant is therefore engaged in providing telecommunications service for hire to the public, which fits the definition of a common carrier and a public service corporation. Staff believes the Commission has jurisdiction over the services to be provided by Syniverse.

While reviewing this matter, Staff determined that additional information was needed and issued a data request on June 10, 2005. On June 21, 2005, Syniverse responded to Staff's data request. In this response, Syniverse indicated that it is providing private line service through an assigned circuit internal data service to commercial customers.

Previously, Staff has not recommended bonding requirements for private line service providers because of the following reasons:

1. Private line service is not part of the public telephone switch network, therefore it is not used for 911 and/or E911 calls.
2. Private line customers are sophisticated, commercial customers who have done their due diligence in determining a service provider.
3. Private line service providers do not collect advance payments and/or deposits.
4. Private line service rates are determined on an ICB.

In Decision Nos. 63383 and 67123, the Commission approved the applications of OnFiber Carrier Services, Inc. and Computer Network Technology Corporation to offer private line service without the requirement of procuring a performance bond.

Although Decision No. 66638 granted the authority to provide resold local exchange service, Syniverse is only providing private line service subject to the above guidelines. Therefore, Staff does not believe the procurement of a performance bond is necessary.

Staff recommends the cancellation of Syniverse's performance bond requirement. However, if, in the future, Syniverse provides service(s) other than private line service, Staff recommends that Syniverse be required to procure a performance bond in the amount of \$25,000.

Originator: Adam Lebrecht

Attachment: Original and Sixteen Copies

SERVICE LIST FOR: TSI TELECOMMUNICATION NETWORK SERVICES, INC.

DOCKET NO. T-04202A-03-0612

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